

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 SIL-01 OMB-01 TRSE-00 AID-05 CEA-01
FRB-03 SP-02 STR-07 DODE-00 PM-05 H-01 L-03
NSC-05 PA-01 SS-15 USIA-06 DOE-15 SOE-02 /108 W
-----014558 281840Z /46

R 281744Z MAR 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 4585
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
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USOECD

E.O. 11652: N/A
TAGS: EFIN, ELAB
SUBJECT: CONSERVATIVE TRADE UNIONISTS CONFERENCE
PROVIDES PLATFORM FOR PARTY TO ADJUST
POLICY ON PAY

REF: 77 LONDON 15457

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SUMMARY: THE GROWING ATTENTION GIVEN TO ACTIVE TORY
PARTY TRADE UNIONISTS BY CENTRAL OFFICE WAS DEMONSTRATED
LAST WEEK AT THE ANNUAL CONFERENCE OF THE CONSERVATIVE
TRADE UNIONISTS (CTU) HELD IN BRADFORD. CTU IS A TORY
CENTRAL OFFICE FUNDED BODY AIMED AT PROVIDING BACK-UP
FOR TORY TRADE UNIONISTS. WHILE THE CONFERENCE
PRODUCED LITTLE OF SUBSTANCE IN TERMS OF OFFICIAL PARTY

ATTITUDES TO MAJOR SUBSTANTIVE ISSUES LIKE THE "CLOSED." SHOP AND OTHER ASPECTS OF LABOR LEGISLATION, IT DID PROVIDE SENIOR PARTY SPOKESMEN WITH THE OPPORTUNITY TO IDENTIFY WHAT APPEARS TO BE THE ASCENDANT PARTY ATTITUDE ON PAY POLICY. THESE STATEMENTS PORTRAY A SHIFT FROM THE COMMENTS MADE PREVIOUSLY BY MRS. THATCHER AND OTHER FRONT BENCH SPOKESMEN AND ALLOWEC EMPLOYMENT SPOKESMAN. JAMES PRIOR, TO STAMP HIS OWN CONCILIATORY POSITION ON OFFICIAL PARTY POLICY. IN THE MEANTIME, THE CONFERENCE PROVIDED A FOCUS FOR THE ANALYSIS OF THE FUTURE INFLUENCE ACTIVE CONSERVATIVES MAY BE ABLE TO EXERT WITHIN UNIONS. END SUMMARY.

1. MORE THAN 1.000 DELEGATES MET IN BRADFORD MARCH 11, UNIFIED BENEATH THE UMBRELLA OF THE "CONSERVATIVE TRADE UNIONISTS". BOTH COLLECTIVELY AND INDIVIDUALLY, TORIES HAVE TRADIONALLY BEEN OF ONLY MINOR IMPORTANCE AS ACTIVISTS WITHIN THE TRADE UNION MOVEMENT, AND INDEED THERE IS LITTLE IMMEDIATE PROSPECT OF CHANGE IN THIS SITUATION. HOWEVER, THE IMPORTANCE OF THE TRADITIONAL TORY VOTE FROM TRADE UNIONISTS HAS ATTRACTED GROWING ATTENTION FROM THE PARTY SINCE ITS INABILITY TO INFLUENCE THE TRADE UNIONS PLAYED SUCH A SIGNIFICANT ROLE IN THE ELECTION DEFEAT IN 1974. WHILE SOME ESTIMATES SUGGEST AS MANY AS ONE TRADE UNIONIST IN THREE VOTES TORY, THERE ARE STILL FEW PARTY MEMBERS IN POSILIMITED OFFICIAL USE

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TIONS OF INFLUENCE WITHIN UNIONS. THUS THERE IS A GROWING SENSE OF THE IMPORTANCE OF PROVIDING A COHERENT STRUCTURE AND POLICY FOR THOSE ACTIVE TORIES WHO WISH FURTHER TO EXTEND THEIR INFLUENCE WITHIN THE TRADE UNIONS TO WHICH THEY BELONG.

2. THE POSSIBILITY OF THEIR SUCCESSFULLY ACHIEVING SUCH INFLUENCE IS ENHANCED BY A NUMBER OF FACTORS. THE GROWING NUMBER OF TRADE UNION ELECTIONS WHICH ARE DECIDED BY POSTAL BALLOT INSTEAD OF THE TRADITIONAL BRANCH VOTING SYSTEM IS OF MAJOR IMPORTANCE. THIS CAUSE HAS BEEN HEAVILY ESPOUSED BY THE CONSERVATIVES, WHO ARE INDEED COMMITTED TO FINANCING SUCH ELECTIONS FROM GOVERNMENT FUNDS (IN OPPOSITION TO MANY TRADE UNION LEADERS). FURTHER ENCOURAGEMENT FOR THE CTU IS DRAWN FROM THE DISILLUSIONMENT IT IDENTIFIES AMONG MANY TRADITIONAL LABOR VOTERS. MORE IMPORTANT, IN TERMS OF TRADE UNION RELATIONS WITH THE LABOR PARTY, IS THE DECLINING MEMBERSHIP, BOTH ABSOLUTE AND RELATIVE OF THE ORIMARILV MANUAL UNIONS MOST STRONGLY AND TRADITIONALLY ATTACHED TO THE LABOR PARTY, AND THE GROWING IMPORTANCE OF WHITE COLLAR WORKERS WITHIN THE

TRADE UNION MOVEMENT. THE WHITE COLLAR UNIONS, WHICH
ACCORDING TO SOME ESTIMATES WILL ACCOUNT FOR 50 PERCENT
OF TUC-AFFILIATED MEMBERSHIP IN LESS THAN TEN YEARS,
ARE OFTEN LED BY THE MORE MILITANT LEADERS WHO, IN
RECENT YEARS. HAVE BASED THEIR APPEAL ON OPPOSITION TO
PAY POLICY. THE PROBLEMS OF DIFFERENTIAL EROSION

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FRB-03 SP-02 STR-07 DOE-15 SOE-02 DODE-00 PM-05
H-01 L-03 NSC-05 PA-01 SS-15 USIA-06 /108 W
-----014584 281842Z /46

R 281744Z MAR 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 4586
INFO AMEMBASSY BONN
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FOR SKILLED AND MANAGERIAL WORKERS HAS MADE THIS POLICY
POPULAR AMONG THE MEMBERS OF SUCH UNIONS, WHO OF COURSE
TEND TO BE LESS RADICAL ON OTHER ISSUES. HAVING BEEN
PULLED INTO THE TRADE UNION MOVEMENT BY FEELINGS THAT
THEIR RELATIVE STATUS AND LEVEL OF BENEFITS WERE BEING

ERODED BY POWERFUL MANUAL TRADE UNIONS, WHITE COLLAR WORKERS ARE NOW ANXIOUS TO USE THEIR UNIONS FOR RADICAL ECONOMIC CLAIMS, WHILE OFTEN REJECTING THE POLITICAL LIMITED OFFICIAL USE

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PHILOSOPHY OF THE MOVEMENT. THE SCOPE FOR CTU ACTIVITY DEPENDS HEAVILY ON THESE WHITE COLLAR UNIONISTS WHICH FORM THE NATURAL BASE OF THEIR ORGANIZATION. CURRENTLY, 70 PERCENT OF THE MEMBERS OF CTU NATIONAL COMMITTEE ARE MEMBERS OF EXCLUSIVELY WHITE COLLAR UNIONS.

3. AGAINST THIS BACKGROUND' SENIOR OPPOSITION SPOKESMEN USED THE PLATFORM OF THE CTU CONFERENCE TO ATTACK THE GOVERNMENT'S RECORD IN INDUSTRIAL RELATIONS. THOUGH MUCH COMMENT WAS MADE ON UNEMPLOYMENT, OVER-MANNING, RESTRICTIVE PRACTICES AND THE CLOSED (UNION) SHOP, THE MAJOR INITIATIVE CAME IN THE FIELD OF PAY POLICY. THE SHADOW CABINET HAS LONG HAD INTERNAL DIFFERENCES OVER ECONOMIC MANAGEMENT AND THESE HAVE OFTEN SURFACED AS INTERNAL STRIFE AS TO THE ROLE OF A PROSPECTIVE TORY GOVERNMENT IN INDUSTRIAL RELATIONS (REFTEL). THE TRADITIONAL TORY ECONOMIC PHILOSOPHERS (LED BY SIR KEITH JOSEPH) HAVE CONTINUED TO STRESS THE IMPERATIVE FOR GOVERNMENT ACTION TO CONTROL WAGES AND PRICES ONLY THROUGH THE MONEY SUPPLY AND PUBLIC SPENDING, WHILE OTHERS (LED BY EMPLOYMENT SPOKESMAN JIM PRIOR) HAVE SUGGESTED THAT SOME FORM OF INCOMES POLICY COULD NOT BE RULED OUT OF FUTURE TORY PLANS. AS RECENTLY AS JANUARY, MRS. THATCHER WAS SAYING THE GOVERNMENT HAD NO ROLE IN COLLECTIVE BARGAINING EXCEPT WHEN IT WAS THE "DIRECT EMPLOYER". THE DEBATE WITHIN THE PARTY HAS AT TIMES PRODUCED PUBLIC DISAGREEMENTS. THE CTU CONFERENCE, AT WHICH BOTH PRIOR AND MRS. THATCHER SPOKE, PROVIDED THE OPPORTUNITY FOR MR. PRIOR TO DEVELOP A TENTATIVE INITIATIVE BEHIND WHICH, ONE MUST ASSUME, THE SHADOW CABINET IS GRUDGINGLY UNITED.

4. PRIOR SUGGESTED THAT THE EVIDENCE OF THE CURRENT LIMITED OFFICIAL USE

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GOVERNMENT'S RECORD SUPPORTED THE HYPOTHESIS THAT INFLATIONARY WAGE INCREASES PRODUCED UNEMPLOYMENT. HE SUMMARIZED TORY OBJECTIVES ON PAY AS DESIGNED "TO FREE PEOPLE FROM THE DAMAGING AND DESTRUCTIVE CYCLE OF IRRESPONSIBLE COLLECTIVE BARGAINING AND RIGID INCOMES CONTROLS". PRIOR CALLED FOR "REALISTIC, RESPONSIBLE

PAY NEGOTIATIONS", AND ACCEPTED THAT THERE "HAS TO BE A RETURN TO COLLECTIVE BARGAINING". HAVING ANNOUNCED HIS ACCEPTANCE OF COLLECTIVE BARGAINING AS AN ESSENTIAL ELEMENT IN SORTING OUT THE LABOR MARKET PROBLEMS POSED BY INCOMES POLICY, PRIOR WENT ON TO OUTLINE THE WAY IN WHICH THE NATION SHOULD TRY TO ARRIVE AT ESTIMATES OF WHAT LEVEL OF "REALISTIC" SETTLEMENTS COULD BE TOLERATED WITHIN BROADER NATIONAL ECONOMIC POLICY GOALS. PRIOR CALLED FOR A TRIPARTITE BODY (PERHAPS BASED ON THE NATIONAL ECONOMIC DEVELOPMENT COUNCIL (NEDC) TO LAY DOWN A FIGURE FOR NATIONAL EARNINGS INCREASES WHICH WOULD GIVE A LEAD TO NEGOTIATORS IN INDIVIDUAL FIRMS AND INDUSTRIES, WHO WOULD THEN APPLY THE NATIONAL FIGURE IN THEIR OWN CIRCUMSTANCES. ACCORDING TO PRIOR'S SPEECH THEREFORE, THIS WOULD NOT BE A RIGID PAY GUIDELINE, FOR HE APPRECIATES THE WEIGHT OF TRADE UNION OPINION AGAINST THE INFLEXIBILITIES AND DISTORTIONS PRODUCED BY PAST PAY POLICIES. IN THIS WAY, PRIOR HOPES THAT THE RESULTS OF COLLECTIVE BARGAINING CAN "BE MORE EFFECTIVELY MATCHED TO OUR GROWTH IN PRODUCTIVITY AND OUTPUT."

AS PART OF THE NEW FORUM FOR DETERMINING THE CONSTRAINTS WITHIN WHICH COLLECTIVE BARGAINING WILL OPERATE,,PRIOR EMPHASIZED THE NEED FOR A DISTINCTIVE APPROACH FOR CERTAIN PUBLIC SECTOR GROUPS (NOTABLY THE POLICE AND THE MILITARY), WHICH HAVE BEEN LEFT BEHIND BY THE SUCCESSES OF TRADE UNION REPRESENTATION IN OTHER AREAS. THE TORIES ARE COMMITTED TO KEEPING THESE GROUPS OUTSIDE THE TRADITIONAL TRADE UNION MOVEMENT, AND GUARANTEED SPECIAL TREATMENT OVER PAY IS LIMITED OFFICIAL USE

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AS GOOD AN APPEAL AS ANY.

5. THUS THE SUBSTANCE OF PRIOR'S COMMENTS ON PAY POLICY ARE SOMEWHAT AMBIGUOUS. WHILE ESPOUSING THE CAUSE OF COLLECTIVE BARGAINING, WITH THE SIGNIFICANT OMISSION OF THE WORD "FREE", HE WAS ABLE TO LAY TENTATIVE PLANS FOR THE INTRODUCTION OF A FORUM FOR THE CENTRALIZED

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NSC-05 PA-01 SS-15 USIA-06 DOE-15 SOE-02 /108 W
-----014592 281840Z /46

R 281744Z MAR 78
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DETERMINATION OF WAGE INCREASES. THIS REFLECTS THE
ATTITUDE THAT HAS BROUGHT PRIOR INTO CONFLICT WITH
SHADOW CABINET COLLEAGUES ON PREVIOUS OCCASIONS. HIS
LIBERAL AND CONCILIATORY POSE IN INDUSTRIAL RELATIONS
IS MATCHED BY A MORE INTERVENTIONIST ECONOMIC PHILOSOPHY
THAN IS TO THE TASTE OF MANY OF HIS COLLEAGUES. THUS
THE NOTION OF CENTRAL CONTROL IS LIKELY TO HAVE BEEN
UNPALATABLE TO SHADOW INDUSTRY MINISTER KEITH JOSEPH
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AND SHADOW CHANCELLOR OF THE EXCHEQUER SIR GEOFFREY
HOWE, BUT ONE MUST ASSUME THAT PRIOR'S SPEECH HAD THE
SUPPORT OF MRS. THATCHER, WITH WHOM HE SHARED THE
PLATFORM AT THE CTU CONFERENCE.

6. HOWEVER, HAVING PUSHED THE NOTION THROUGH SHADOW
CABINET, PRIOR IS FAR FROM VICTORY, FOR THE SCHEME HE
APPEARS TO BE PROPOSING IS FRAUGHT WITH DIFFICULTIES

IN THE BRITISH CONTEXT. WHILE IN HIS SPEECH HE REFERRED TO THE GERMAN PRECEDENT FOR A BODY AKIN TO THE ONE HE PROPOSES FOR THE UK, IT IS THE DIFFERENCES IN INDUSTRIAL RELATIONS PRACTICE BETWEEN THESE TWO COUNTRIES THAT OUTLINE THE PROBLEMS THAT THIS FORUM WILL FACE. THE PRIMARY PROBLEM IN THE UK WILL BE THE AUTHORITY THAT SUCH A BODY COULD COMMAND. IN THE UK, WITH ITS INTRICATE SYSTEM OF NATIONAL, LOCAL AND PLANT BARGAINING ARRANGEMENTS AND LOOSE DISCIPLINE OF UNIONS OVER MEMBERS IT IS EASY TO SEE THE RECOMMENDATIONS OF A CENTRAL PAY FORUM BEING IGNORED, ALBEIT COVERTLY. THIS POSES THE QUESTION AS TO THE POWERS, IF ANY, TORIES WOULD TAKE TO ATTEMPT TO ENSURE THAT RECOMMENDATIONS WERE OBSERVED. GIVEN THEIR REJECTION OF STATUTORY PAY POLICY AND THEIR CRITICAL REACTION TO CURRENT GOVERNMENT SANCTIONS TO ENFORCE CURRENT LIMITS, IT IS NOT EASY TO SEE THE NEXT TORY GOVERNMENT BEING ABLE TO DO MUCH TO TWIST THE ARMS OF NEGOTIATORS TO ACCEPT THE GUIDANCE OF THE TRIPARTITE BODY.

7. ON THE POSITIVE SIDE HOWEVER, PRIOR APPEARS TO HAVE READ THE MOOD OF MANY VOTERS WELL, FOR THE NEED FOR PLANNING OF WAGE INCREASES WITHIN THE BROAD SPECTRUM OF NATIONAL ECONOMIC GOALS IS ATTRACTING MORE SUPPORT; IF NOT SUITED TO TRADITIONAL TRADE UNIONISTS, PRIOR'S LIMITED OFFICIAL USE

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APPROACH HAS ATTRACTION FOR THE VACILLATING PORTION OF THE LABOR VOTE.

THERE IS ALSO GROWING EVIDENCE THAT THE WAGE POLICIES OF THE LAST THREE YEARS HAVE DONE MUCH TO ESTABLISH THE HABIT OF WORKING WITHIN DEFINED CONSTRAINTS AMONG NEGOTIATORS. ALREADY BARGAINERS FROM BOTH SIDES OF INDUSTRY ARE EAGER TO KNOW WHAT LEVEL OF EARNINGS INCREASE WILL BE TOLERATED BY THE GOVERNMENT NEXT YEAR. AS THE FACT OF PAY POLICY, HOWEVER INFORMAL, BECOMES ACCEPTED MORE AND MORE, THEN PERHAPS PRIOR'S SCHEME MAY HAVE A FUTURE. IT DEPENDS FOR SUCCESS ON THE ACCEPTANCE OF THE SHORTCOMINGS OF TRADITIONAL COLLECTIVE BARGAINING, AMONG TRADE UNIONISTS AT ALL LEVELS, AND THEREFORE THE CIRCUMSTANCES ARE AS FAVORABLE NOW AS THEY ARE EVER LIKELY TO BE IN THE FORESEEABLE FUTURE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PARTY LINE, WAGES, POLICIES, LABOR UNIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LONDON04868
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780135-0296
Format: TEL
From: LONDON USOECD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780319/aaaaapns.tel
Line Count: 381
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c24381bc-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 LONDON 15457
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3184262
Secure: OPEN
Status: NATIVE
Subject: CONSERVATIVE TRADE UNIONISTS CONFERENCE PROVIDES PLATFORM FOR PARTY TO ADJUST POLICY ON PAY
TAGS: EFIN, ELAB
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/c24381bc-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014